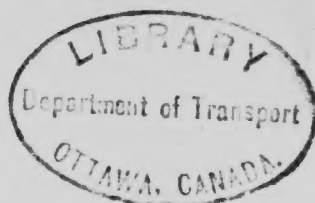


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NATIONAL TRANSCONTINENTAL RAILWAY.

INFORMATION IN REPLY TO QUESTIONS BY MR. R. L. BORDEN M.P.

1. Q. Correspondence, reports and documents.
A. Correspondence, &c., herewith as appendix 'A.'

- 1a. Q. Amounts actually expended; Prairie Section; Mountain Section.
A. The Grand Trunk Pacific Railway Company give the following as the amount expended to December 31, 1908:—

Prairie Section..	\$27,031,453 51
Mountain Section..	3,015,623 74

2. Q. Respective sources whence these have been derived.
A. The Company state as follows:—

Prairie Section—

\$10,335,482 91—Proceeds of 3 per cent bonds guaranteed by Government on account of \$13,000 per mile.
9,601,938 30—Proceeds of Prairie Section 'A' bonds guaranteed by Grand Trunk Railway Company.
7,094,044 30—Advance by Grand Trunk Railway Company.

\$27,031,453 51

Mountain Section—

\$3,015,623 74—Proceeds of 3 per cent bonds guaranteed by Government and of Mountain Section 'B' bonds guaranteed by Grand Trunk Railway Company.

3. Q. Estimated total cost when completed of (a) Prairie (b) Mountain Section.
A. Mr. Schreiber, as Chief Engineer for the Government of the Western Division of The National Transcontinental Railway, estimates the cost, Prairie Section, including interest to January 1, 1910, at \$33,007,449.

For the Mountain Section Mr. Schreiber estimates cost, including interest \$5,336,000, at \$67,056,000.

The Company estimates the cost of the Prairie Section, including interest to January 1, 1910, at \$32,198,351.30.

For the Mountain Section the Company estimates the cost, including interest \$1,775,000, at \$46,784,103, and adds that these figures are based on preliminary estimates, and are subject to revision.

- Q. Amount required to complete each section.

- A. The Company state as follows:—

Prairie Section estimated..	\$ 5,166,897 79
Mountain Section estimated..	43,768,479 26

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NATIONAL TRANSCONTINENTAL RAILWAY

4. Q. Outstanding indebtedness of Company, in respect of each section and of the rolling stock.

A. The bonds issued for the purpose of financing the Western Division are a charge common to both the Prairie and Mountain Sections:

3 per cent government guaranteed bonds outstanding.....	£3,200,000
4 per cent series 'A' bonds outstanding.....	2,100,000
4 per cent series 'B' bonds outstanding.....	1,354,000
Amount owing to Grand Trunk Railway.....	\$7,094,044.30
Perpetual 4 per cent debenture stock issued in respect of equipment.....	£2,005,275

5. Q. Available assets of the company, in respect of each section.

A. Prairie Section: Balance from sale of 3 per cent government guaranteed bonds to cover guarantee of \$13,000 per mile = \$1,572,517.08. Estimated value of construction equipment charged to Prairie Section which will be transferred to Mountain Section upon the completion of Prairie Section, \$1,000,000.

Mountain Section: Balance from proceeds of government guaranteed 3 per cent bonds outstanding after deducting the amount required to complete the guarantee of \$13,000 per mile on Prairie Section = \$326,747.70. Balance from proceeds of 4 per cent series 'B' bonds sold to date, \$5,172,704.10, as given by the Pacific Company.

6. Q. Location of the road in relation to other existing roads.

A. Three maps have been placed in the possession of the Clerk of the House of Commons so as to be available for the purpose of these questions.

7. Q. Amount expended in rolling stock and when?

A. The Company state as follows: \$8,273,454.80. First payment made in May, 1906, and continued regularly as delivered, the last payment during 1908, made on December 11, 1908.

8. Q. Uses to which rolling stock applied and what consideration.

A. The Company state as follows: The Grand Trunk Railway Company has paid 4 per cent interest on the cost of freight equipment and maintained same, as a rental; in addition the Grand Trunk Pacific has received earnings of cars while off line of the Grand Trunk, less cost of repairs made to cars by companies other than the Grand Trunk. Locomotives are delivered direct to Grand Trunk Pacific.

9. Q. Stock issues and proceeds thereof: for what consideration: under what conditions.

A. The Company state as follows: \$24,942,000 issued: \$205,200 proceeds: guarantee of Grand Trunk Railway Company.

In accordance with agreement, date July 31, 1906, between Grand Trunk Pacific Railway Company filed with Secretary of State—Copy herewith, as appendix 'B.'

10. Q. By whom stock held.

A. List of stockholders herewith as appendix 'C.'

11. Q. Branch lines how financed or to be financed.

A. The Company state as follows: No definite arrangements for financing any of the branch lines connecting with the Western Division have been made, but are in progress.

The Lake Superior Branch has been financed by sale of £1,550,000 1st mortgage 4 per cent bonds, guaranteed by the Grand Trunk Company; and by Dominion and provincial subsidies.

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12. Q. What bonds would realize now.

A. Latest quotations from the *Economist* are: 3 per cent Government guaranteed, 83-84; 4 per cent series 'A'—Grand Trunk guarantee, 91-93; 4 per cent Lake Superior Branch Grand Trunk Guarantee, 94-96; 4 per cent equipment debenture stock to the amount of £1,000,000 was recently (February, 1909) issued at 90.

13. Q. Prior mortgages, summary of these and copies.

A. (1) Mortgage securing 3 per cent Government guaranteed bonds due 1962; date, June, 10, 1905; total issue authorized, £14,000,000. See schedule 'A' to cap. 98, Acts of 1905 for copy.

2. Mortgage securing 4 per cent Grand Trunk guaranteed bonds, due 1955; date March 15, 1905; total issue authorized £4,150,000; proceeds of £2,100,000 thereof (series 'A') applicable to Prairie Section; proceeds of £2,050,000 thereof (series 'B') applicable to Mountain Section. See schedule 'B' to cap. 98, Acts of 1905, for copy.

3. 4 per cent debenture stock authorized under cap. 100 Acts of 1906. Total issue authorized to date £3,000,000 under by-law of company. Copy of this by-law herewith as appendix 'D.' This debenture stock is guaranteed by the Grand Trunk Company.

14. Q. Total expected capitalization of (a) Eastern Division, (b) Western Division.

A. Eastern Division, 1,803.55 miles at \$63,427 per mile \$114,393,765 85

(This is exclusive of proportionate part of cost of Quebec Bridge, and of Terminals, Quebec; of Terminals, Winnipeg; of Machine shops, Winnipeg or vicinity).

Western Division, as estimated by Company—

Prairie Section (916 miles)	32,198,351 30
Mountain Section (839 miles)	46,784,103 00

\$78,982,454 30

15. Q. Total fixed charges.

A. Western Division—

Interest on 3 per cent Government Guaranteed Bonds.
Interest on Series 'A' Bonds, Grand Trunk Guaranty.
Interest on Series 'B' Bonds, Grand Trunk guaranty.
Interest on Equipment Debenture Stock, Grand Trunk Guaranty.
Interest on Grand Trunk Guaranteed Bonds of 1919 (proposed issue).

Eastern Division—

Three per cent on cost of construction seven years after road is completed. Until then no fixed charges.

16. Q. Actual amount invested by the promoters of the undertaking.

A. The Company state as follows: \$9,597,149.90 to December 31, 1908.

17. Q. Statement of the indebtedness of the Grand Trunk Railway.

18. Q. Copies of the contracts under which that indebtedness arose, and a statement of the securities, if any held therefor.

A. In the year 1862, five years prior to Confederation, a reorganization of the Grand Trunk Railway of Canada was effected under chapter 56 of the Statutes of Canada that year.

NATIONAL TRANSCONTINENTAL RAILWAY

Provincial debentures of the province of Canada to the amount of \$15,142,633.34 had been issued, prior to the passing of this Act, in aid of the company. These debentures carried interest at the rate of 6 per cent per annum.

By section 19 of the chapter referred to, the province of Canada consented to allow its claim for interest due and accruing in respect of these debentures to be postponed to the payment of certain charges which were made prior by the statute. The section provided that after the payment of the working expenses of the railway the balance of earnings was to be appropriated and applied in payment—

- (a) of interest on Equipment Mortgage Bonds;
- (b) of interest on First Preferential Bonds and the dividend due on First Preference Stock;
- (c) of interest due on Second Preferential Bonds and the dividend due on Second Preference Stock;
- (d) of dividend due on Third Preference Stock;
- (e) of dividend due on Fourth Preference Stock;
- (f) of dividend of 3 per cent per annum for ten years on the ordinary stock of the company, and thereafter at the rate of 5 per cent per annum;
- (g) of further dividend of 1 per cent per annum on the Third Preference Stock;
- (h) of further dividend of one per cent per annum on the fourth preference stock;

(All the above were given priority over the government claim for interest), and then;

- (i) in payment of the interest for the time being due and accruing, subsequent to the 1st January, 1862, on the provincial debentures issued in aid of the company, before the passing of the Act, at the rate of six per cent per annum.

The interest on the provincial debentures referred to amounted, at the time of Confederation, to \$10,457,458.01. Amounts represented by these Province of Canada Debentures,—\$15,142,633, and this interest of \$10,457,458.01,—were, at Confederation, taken over by the Dominion from the province of Canada, and have since been carried in the balance sheet without change under the heading 'Railway accounts' but these amounts have not been included in the statement of assets.

As the net earnings of the company never met all the prior charges, as provided by the Act, no part of this interest has ever been payable.

There was also carried in the Province of Canada accounts and taken over at Confederation a special interest claim of \$7,302.18, which has been continued in the balance sheet. This special interest claim arose from an adjusted balance of various accounts made between the Province of Canada and the Grand Trunk Railway Company, which balance was confirmed by an order in council of the 18th October, 1866.

Besides the above, the Province of Canada was, at the time of Confederation, the holder of fourth preference stock of the company, converted, by section 11, chapter 18, Act of 1873, into third preference stock, of the par value of \$121,739.65. Dividends have been paid to the Dominion on this stock on several occasions as follows:—

During year 1881.....	
" 1883.....	\$ 608 70
" 1884.....	1,643 48
" 1902.....	1,976 26
" 1903.....	1,217 40
" 1905.....	2,434 80
" 1906.....	2,434 80
" 1907.....	3,652 20
	3,652 20

This fourth preference stock was accepted by the Province of Canada in payment of a certain part of the accounts adjusted by the order in council referred to.

By chapter 18 1873), entitled 'Th ized to issue £10,0 existing ordinary s

This stock the eighty-one pounds priority to the Co

19. Q. Statem or otherwise.

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By chapter 18 of the Acts of the Dominion Parliament, 1873 (assented to May 3, 1873), entitled 'The Grand Trunk Arrangements Act, 1873,' the company was authorized to issue £10,000,000 sterling new ordinary stock to rank *pari passu* with the existing ordinary stock of the company.

This stock the company was authorized to issue 'at a discount not exceeding eighty-one pounds in the hundred pounds.' This issue therefore became entitled in priority to the Government's claim for interest.

19. Q. Statement of all the indirect liabilities of Canada by way of guarantee or otherwise.

- A. 1. The Canadian Northern Railway Company guarantee, cap. 73 Edward VII., (1903). This guarantee is for principal, £1,923,287, and interest thereon at the rate of 3 per cent per annum for fifty years.
2. The Canadian Northern Railway Company guarantee, cap. 11, 7 & 8, Edward VII., (1908). This guarantee is for principal, £1,622,586 19s. 9d. Sterling, and interest thereon at the rate of 3½ per cent per annum for fifty years.
3. The Grand Trunk Pacific Railway Company guarantee, cap. 98 (1905). The amount of bonds issued to date and guaranteed, under the provisions of this Act, is £3,200,000 Sterling.

20. Q. Results of any examination of books of the Company by Government.

- A. The books and vouchers of the company have been examined by Mr. G. A. Bell, departmental auditor of the Department of Railways and Canals, from time to time, and the results of his examinations have been transmitted by that department to Mr. Collingwood Schreiber, C.M.G., Government Chief Engineer of the Western Division of the Transcontinental Railway, for his information in connection with issue of his certificates to the Minister of Finance and Receiver General for the purpose of releasing money earned under the guarantee of the 3 per cent government guaranteed bonds.

21. Q. Mr. Sifton's question.

- A. This information is being given to the House by the Honourable the Minister of Railways and Canals.

22. Q. Also mileage completed, &c.

- A. *Western Division.*—The Grand Trunk Pacific Railway Company are operating under construction that part of the line from Winnipeg to Wainwright, a distance of 667 miles, but no part of the *Western Division* has been finally passed by the Government engineers as completed.

Eastern Division.—The total miles of grading completed 225 miles.

The total miles of track laid was 309.12 miles. The entire line with exception of entrance into Winnipeg, is now under contract.

CHAS. M. HAYES
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APPENDIX A.

CHAS. M. HAYES,
President.

GRAND TRUNK PACIFIC RAILWAY,
MONTREAL, November 16th, 1908.

HON. W. S. FIELDING,
Minister of Finance,
Ottawa, Ont.

DEAR SIR,—In compliance with the undertaking of this Company set forth in clause thirty-four of the agreement with the Government of the 29th July, 1903, that the Grand Trunk Railway Company of Canada should guarantee Grand Trunk Pacific bonds for the balance required for the complete construction of the Western Division, we issued and the Grand Trunk Company guaranteed Grand Trunk Pacific four per cent mortgage sterling bonds, which, by the mortgage deed of trust securing them, were limited in amount to £2,100,000 for the Prairie Section. At the time these bonds were issued it was assumed that the amount fixed would be ample for the balance required for the completion of that Section, but by reason of the high standard of construction made necessary by the terms of the agreement, increased cost of labour, rail and all other material and the extension of the Prairie Section one hundred and thirty miles further west than was contemplated, it is found that an additional sum of \$10,000,000 will be needed to complete the section to Wolf Creek, which is the dividing line between the Prairie and Mountain Sections. To raise this additional sum it will be necessary to make a further issue of bonds as contemplated by section 34 of the agreement of the 29th July, 1903, between the Government and the Grand Trunk Pacific Railway Company, and by the agreement of June 8th, 1905, between the Government and the Grand Trunk Railway Company of Canada, that is to say, bonds to be issued by the Grand Trunk Pacific Railway Company and to be guaranteed as to principal and interest by the Grand Trunk Railway Company of Canada. Further legislation will be required to enable the companies to fully carry out what was contemplated by these agreements respecting the issue of bonds to provide the balance required (above the proceeds of the Government guarantee) for the completion of the Prairie Section of the Western Division, and we desire to have an assurance that your Government will, at the forthcoming session of Parliament, introduce and support such legislation at the earliest date practicable.

Owing to the depression in the money markets of both Europe and America as respects this class of bonds, it is unlikely that we can sell these securities immediately or in the early future upon favourable terms. If thrown upon the money market under unfavourable conditions they would probably have to be sold at a sacrifice price, which would materially diminish the amount to be realized from them and might injuriously affect the credit of the two companies concerned. Under such circumstances, and in view of the urgent desire of the Government that the enterprise shall be prosecuted without any delay, we ask the Government to assist us in the utilizing of these bonds by taking them at their par value as a security for a loan not exceeding \$10,000,000 to be made to the Company by the Government for a period of ten years. As to the rate of interest, the bonds should bear 4 per cent, and, no doubt, the Government would be able to borrow at that rate or something less. Consequently, so far as interest is concerned, the Government could suffer no loss. As to security, the Government would not only have the obligation of the Grand Trunk Pacific Railway Company, but also the guarantee of the Grand Trunk Railway Company of Canada. Therefore, there could be no question as to the security of the Government for a loan to be so made. It is a case in which the Government could, by the use of its credit, aid the Company materially without incurring any financial loss whatever.

Our view is that the whole scheme shows an intention on the part of the govern-

NATIONAL TRANSCONTINENTAL RAILWAY

ment to aid the Company with its credit to the extent of three-quarters of the cost of the undertaking.

In the case of the Prairie Section a limitation of \$13,000 per mile was put upon the amount because it was supposed that that would be a sufficient sum. Experience has shown that this was a mistake and that the cost of the section is, for reasons already stated, much greater than was at first estimated. What we are now asking is in effect that the original intention as to assistance to the extent of three-fourths of the cost shall be carried out. The loan which we now ask, together with the proceeds of the three per cent first mortgage bonds guaranteed by the Government for the Prairie Section, will barely equal three-fourths of the cost of that Section. Statement of account showing amounts expended on construction to September 30, 1908, and balance required for the completion of the Prairie Section is enclosed herewith.

As the Grand Trunk Railway Company of Canada has to date guaranteed bonds of the Grand Trunk Pacific to the extent of more than \$30,000,000, the proceeds of which have been used in connection with the construction of the railway and equipment, and in addition has also advanced a very large amount from its own funds in order to keep the construction work going, it is essential we should receive the further assistance asked from the Government in order to enable us to proceed with and complete the work. I would therefore urge that such measures of immediate relief be given as will enable us to do this and avoid the disastrous effect on the credit of both the railways and the country which would necessarily result from a stoppage of the work.

Very truly yours,
(Signed) CHAS. M. HAYES,
President.

GRAND TRUNK PACIFIC RAILWAY COMPANY.

PRAIRIE SECTION.

STATEMENT showing estimated cost of the Prairie Section, and amount of cash to be provided to complete.

PRAIRIE SECTION.

Total expenditure to 30th September, 1908, including interest on bonds, less interest on proceeds.....	\$24,087,743 70
Estimated cost to fully complete work from October 1st, 1908, including bond interest payable up to and on January 1st, 1910....	8,110,607 60
	\$32,198,351 30

Resources—

Proceeds series 'A' bonds.....	\$ 9,601,926 30
Received from Government on account proceeds of bonds guaranteed by Government to extent of \$13,000 per mile for 916 miles.....	10,335,482 91
Due from Government balance on account of proceeds of bonds guaranteed by Government to extent of \$13,000 per mile..	1,572,517 09
Estimated value of construction equipment to be transferred to Mountain Section upon completion of Prairie Section...	1,000,000 00
Balance to be provided.....	9,688,425 00
	\$32,198,351 30

MONTREAL, 14th November, 1908.

M. M. REYNOLDS,
Third Vice-President.

INFORMATION IN REPLY TO QUESTIONS

9

FINANCE DEPARTMENT,

OTTAWA, November 21, 1908.

CHARLES M. HAYS, Esq.,
President, Grand Trunk Pacific,
Montreal.

DEAR SIR,—I am directed by the Honourable the Minister of Finance to acknowledge receipt of your letter of the 16th instant, addressed to him, in reference to a loan by the Government on the security of a proposed issue of Grand Trunk Pacific bonds guaranteed by the Grand Trunk Railway Company of Canada.

Yours sincerely,

(Signed) HENRY T. ROSS,
Assistant Deputy Minister.

FINANCE DEPARTMENT,

OTTAWA, January 5, 1909.

COLLINGWOOD SCHREIBER, Esq., C.M.G.,
Government Chief Engineer,
Grand Trunk Pacific Railway,
Ottawa.

DEAR SIR,—The Grand Trunk Pacific Railway Company have submitted a statement to the Minister of Finance, of which I enclose a copy, in which the estimate is made, that the cost of the 916 miles of the Prairie Section, when fully completed, will be \$32,198,351.30. This is approximately \$35,151.00 per mile.

As more than 75 per cent of the expenditure has been already made, I assume a fairly close checking of these figures is possible.

The Minister of Finance would be glad to have you advise him, at your earliest convenience, as to whether the probable cost of construction of the Prairie Section will be more or less than the amount indicated.

By 'Cost of Construction' is meant the classes of expenditures comprised in the definition of construction work, as defined in the Mortgage, Schedule A, Cap. 98, Acts of 1905.

Yours truly,

(Sd.) HENRY T. ROSS,
Assistant Deputy Minister.

OFFICE OF THE GENERAL CONSULTING ENGINEER TO THE GOVERNMENT,
AND CHIEF ENGINEER OF THE
WESTERN DIVISION OF THE NATIONAL TRANSCONTINENTAL RAILWAY,
ROOM NO. 150, WEST DEPARTMENTAL BUILDING,
OTTAWA, CANADA, March 1, 1909.

HENRY T. ROSS, Esq.,
Assistant Deputy Minister of Finance,
Ottawa, Ont.

DEAR MR. ROSS,—Attached hereto will be found a statement of the estimated cost of construction of the 'Prairie Section' of the Grand Trunk Pacific Railway, extending from Winnipeg to the east bank of Wolfe creek, a distance of 916 miles, in two forms:

First—Exclusive of the interest.	\$30,551,253.00
Second—Including the interest.	33,007,449.00

NATIONAL TRANSCONTINENTAL RAILWAY

I may explain that the estimate of cost of construction is framed upon the expenditure up to November 30, 1908, with the estimated cost to complete from that date, amounting to \$30,551,253.00, which I believe to be approximately correct.

With regard to the interest account, this statement was prepared by Mr. Bell, Auditor of the Department of Railways and Canals, who is a very careful, painstaking and efficient officer, and I, therefore, suggest that the amount given by him may be accepted as correct.

Trusting all may prove satisfactory to you,

I am yours very truly,

(Sd.) COLLINGWOOD SCHREIBER,
Chief Engineer West. Div. N. T. Ry.

GRAND TRUNK PACIFIC RAILWAY.

PRAIRIE SECTION.

APPROXIMATE Estimate of cost of Completed Road—916 miles.

Nature of Service	Expenditure up to December 1st, 1908.	Estimated cost to Complete.	Total Estimated Cost.
	\$ cts.	\$ cts.	\$ cts.
Location.....	424,185 00	Nil.	424,185 00
General, legal and engineering expenses.....	1,373,778 00	331,567 00	1,705,345 00
Right-of-way and station grounds.....	683,320 00	47,148 00	730,468 00
Real estate.....	200 00	Nil.	200 00
Grading.....	6,106,745 00	522,832 00	6,629,577 00
Bridges, trestles and culverts.....	2,893,688 00	1,144,421 00	4,038,109 00
Ties.....	2,520,940 00	Nil.	2,520,940 00
Rails, fastenings, switches and frogs.....	5,043,589 00	1,495,847 00	6,539,436 00
Tracklaying, surfacing and ballasting.....	2,062,814 00	526,150 00	2,588,964 00
Station buildings, engine houses, water stations, &c.....	738,121 00	706,589 00	1,443,710 00
Shop machinery and tools.....	45,963 00	Nil.	45,963 00
Fuel stations.....	749 00	99,943 00	100,692 00
Fencing right-of-way, crossings and cattle guards.....	206,417 00	219,373 00	425,790 00
Snow sheds and fences.....	24,403 00	9,331 00	33,734 00
Stock yards.....	1-6 00	8,391 00	8,577 00
Interlocking and signal apparatus.....	51,483 00	19,541 00	71,024 00
Section and tool houses.....	Nil.	195,000 00	195,000 00
Equipment (construction rolling stock).....	2,275,991 00	Nil.	2,275,991 00
Miscellaneous structures.....	5,015 00	23,179 00	28,194 00
Telegraph lines.....	216,845 00	14,063 00	230,808 00
Telegraph earnings and expenses.....	*792 00	Nil.	792 00
Telegraph charges.....	11 00	Nil.	11 00
Operating expenses and earnings.....	13,612 00	Nil.	13,612 00
Equipment and maintenance of sections.....	63 00	464,927 00	464,990 00
Contingencies.....	Nil.	158,635 00	158,635 00
Ploughing fire guards.....	589 00	Nil.	589 00
Adjustment of eastern slope.....	*122,589 00	Nil.	122,589 00
Total estimated cost exclusive of bond interest.....	24,565,326 00	5,085,927 00	30,551,253 00
Estimated interest on expenditure.....			2,456,196 00
Total estimated cost including interest.....			33,007,449 00

* Credits. $\$33,007,549 \div 916 \text{ miles} = \$36,034.33 \text{ per mile.}$

(Sgd.)

COLLINGWOOD SCHREIBER.

OTTAWA, February 26, 1909.

INFORMATION IN REPLY TO QUESTIONS

11

FINANCE DEPARTMENT,

OTTAWA, March 4th, 1909.

COLLINGWOOD SCHREIBER, Esq., C.M.G.,
Chief Engineer, Western Division,
N. T. Ry., Ottawa.

DEAR MR. SCHREIBER,—I beg to acknowledge receipt of your communication of the 1st instant, giving your estimate, with statement attached, of the cost of the Prairie Section of the Western Division of the National Transcontinental Railway, pursuant to my inquiry on behalf of the Minister of Finance, on the 5th January last.

Yours sincerely,

(Sgd.) HENRY T. ROSS,
Assistant Deputy Minister.

FINANCE DEPARTMENT,

OTTAWA, March 9th, 1909.

COLLINGWOOD SCHREIBER, Esq., C.M.G.,
Chief Engineer, Western Division,
N. T. Ry., Ottawa.

DEAR MR. SCHREIBER,—Referring to yours of the first instant, respecting estimated cost of construction of the Prairie Section and statement attached, I find that in the latter you make no allowance for estimated value of construction equipment on completion of the Section in arriving at probable cost.

In the statement of the Company submitted to you by me an allowance of \$1,000,000 is made on this account. In view of the present conditions and probable use to which this construction equipment may be put, is this a fair and proper allowance to make?

Your opinion, for the information of the Minister, is respectfully solicited.

Yours sincerely,

(Sgd.) HENRY T. ROSS,
Assistant Deputy Minister.

OFFICE OF THE CONSULTING ENGINEER TO THE GOVERNMENT AND CHIEF ENGINEER OF THE
WESTERN DIVISION OF THE NATIONAL TRANSCONTINENTAL RAILWAY.

ROOM No. 150, WEST DEPARTMENTAL BUILDING,
OTTAWA, CANADA, March 9, 1909.

DEAR MR. ROSS.—In reply to your communication of this date, drawing my attention to the fact that in my estimate of the cost of the 'Prairie Section' of the Grand Trunk Pacific Railway, I made no allowance for the estimated value of the construction equipment (rolling stock, track-laying and ballasting plants) on the completion of the Section, I beg to state that the equipment when first provided for the Prairie Section cost \$2,274,510.31. I therefore consider \$1,000,000 is a very reasonable valuation to be placed upon it on the completion of this section.

I am, yours sincerely,

(Sgd.) COLLINGWOOD SCHREIBER,
Chief Engineer Western Division N. T. Ry.

H. T. ROSS, Esq.,
Assistant Deputy Minister of Finance,
Ottawa, Ont.

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Total
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Cost.

\$	cts.
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1,705,345	00
730,468	00
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629,577	00
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3,195	00
449	00

APPENDIX B.

THIS AGREEMENT made this thirty-first day of July, A.D. One thousand nine hundred and six.

BETWEEN—

THE GRAND TRUNK PACIFIC RAILWAY COMPANY, hereinafter called 'The Pacific Company,' of the first part.

and

THE GRAND TRUNK RAILWAY COMPANY OF CANADA, hereinafter called 'The Grand Trunk Company,' of the second part;

WHEREAS the Pacific Company was duly incorporated by an Act of the Parliament of Canada, 3 Edward VII, Chapter 122, with power to construct a Railway from a point at or near the City of Moncton, in the Province of New Brunswick, to Port Simpson or Bute Inlet or such other Port on the Pacific Coast between the said points as might be considered more accessible and better adapted for the purposes of the Company;

AND WHEREAS by an Agreement entered into on the twenty-ninth day of July, A.D. 1903, between His Majesty the King, acting in respect of the Dominion of Canada and therein referred to as 'the Government,' and Sir Charles Rivers-Wilson, and others, representing and acting on behalf of the Pacific Company, it was agreed, amongst other things, that a through line of railway should be constructed between the said City of Moncton and the navigable waters of the Pacific Ocean at or near Port Simpson or some other Port in British Columbia to be agreed upon, that portion of the said railway extending from its eastern terminus to the City of Winnipeg to be called the Eastern Division, and that portion between the City of Winnipeg, or some point on the Eastern Division, and the Pacific Ocean, to be called the Western Division;

AND WHEREAS, by the said agreement it was provided that the Eastern Division of the said Railway should be constructed by and at the expense of the Government and that the Western Division should be constructed, maintained, and operated by the Pacific Company;

AND WHEREAS, by an Act of the Parliament of Canada, Chapter 71 of the Statutes of 1903 (known as the National Transcontinental Railway Act) the said agreement of the 29th day of July, A.D. 1903, was ratified and confirmed and the Pacific Company was empowered to do whatever is necessary to give full effect thereto;

AND WHEREAS, by an Agreement entered into between His Majesty the King, acting as aforesaid, and the Pacific Company, and bearing date the eighteenth day of February, 1904, the said Agreement of the twenty-ninth day of July, 1903, was modified in certain respects;

AND WHEREAS, by an Act of the Parliament of Canada, Chapter 24, of the Statutes of 1904, the said last mentioned Agreement was duly ratified and confirmed and the parties thereto and the Grand Trunk Company and all others concerned were authorized and empowered to do whatever is necessary in order to give full effect to the provisions thereof and of the said Act, the said Agreements of the twenty-ninth day of July, 1903, and the eighteenth day of February, 1904, being therein and hereinafter referred to as 'the Scheduled Agreements';

AND WHEREAS, the Scheduled Agreements provided that for the purpose of aiding the Pacific Company in the construction of the Western Division, the Government should guarantee payment of the principal and interest of an issue of Bonds to be made by the said Company for a certain proportion of the cost of construction of the said Western Division;

AND WHEREAS, by the Scheduled Agreements the Pacific Company agreed that the Grand Trunk Company should guarantee the bonds of the Pacific Company for the balance required for the construction of the said Western Division;

AND WHEREAS, by Section 8 of said Chapter 24 of the Statutes of 1904, it was provided that notwithstanding anything contained in the National Transcontinental Railway Act or in the Scheduled Agreements, His Majesty should not be bound or obliged to perform, carry out or fulfil any of the covenants, undertakings, conditions or stipulations in the Scheduled Agreements contained on behalf of His Majesty unless and until the Grand Trunk Company covenanted and agreed with His Majesty that it would guarantee the bonds of the Pacific Company for the balance required for the complete construction of the Western Division of the said Railway and would acquire and take the common stock of the Pacific Company to the amount of not less than twenty-four million nine hundred thousand dollars (\$24,900,000);

AND WHEREAS, by the said Scheduled Agreements the Pacific Company agreed to equip both divisions of the said Railway with rolling stock to the value of at least twenty million dollars (\$20,000,000);

AND WHEREAS, the said Scheduled Agreements provided that the Pacific Company should deposit with the government five million dollars (\$5,000,000) in cash or approved securities as security for the construction of the Western Division and for the first equipment of the whole line of Railway;

AND WHEREAS, by Section 11 of the Act incorporating the Pacific Company, as amended by Chapter 80 of the Statutes of Canada, 1904, it was provided that the Directors of the Pacific Company may make and issue, as paid up stock, shares of the Common Stock of the said Company, whether subscribed for or not, and may allot and hand over (among other purposes) as consideration for rights, powers, guarantees, and privileges acquired or services rendered (other than promotion services) such an amount of such Common Stock as is a fair and *bona fide* value for such rights, powers, guarantees, and privileges acquired or services rendered as aforesaid, due regard being had to the then market value of the Stock and that such issue and allotment shall be binding on the Pacific Company and that such stock shall not be assessable for calls;

AND WHEREAS, by Section 7 of the National Transcontinental Railway Act it was provided that the Grand Trunk Company may acquire, hold, guarantee, pledge, and dispose of stock, bonds, debentures or other securities of the Pacific Company upon certain conditions as in the said Section set forth;

AND WHEREAS, by Section 4 of said Chapter 80 of the Statutes of 1904 it was provided that the Directors of the Pacific Company may from time to time and as often as they deem it necessary and expedient, enter into any agreement with the Grand Trunk Company for the purpose of carrying into effect the provisions of the Scheduled Agreements, or for any other purpose in connection therewith;

AND WHEREAS, by Section 2 of said Chapter 24 of the Statutes of 1904, it was provided, among other things, that the Directors of the Grand Trunk Company may for the purpose of aiding and assisting the Pacific Company in carrying out any of the provisions of the Scheduled Agreements from time to time engage the credit of the Grand Trunk Company and enter into any Contract of guarantee or indemnity and sell or pledge any stock of the Grand Trunk Company, or any security held or owned by the said Company, as they deem necessary, and apply any monies so realized or such stock or securities or the proceeds thereof for the purpose of carrying into effect the Scheduled Agreements;

AND WHEREAS, by Section 3 of the said last mentioned Act it was provided that the Directors of the Grand Trunk Company may from time to time and as often as they deem necessary enter into an agreement or agreements with the Directors of the Pacific Company respecting the manner and the terms upon which the Grand Trunk Company shall or may aid or assist the Pacific Company in carrying the Scheduled Agreements into effect, and also respecting the consideration to be given by the Paci-

NATIONAL TRANSCONTINENTAL RAILWAY

fic Company to the Grand Trunk Company under the term of any such agreement or agreements, and may guarantee the bonds, debentures or other securities of the Pacific Company and perform such other services for the Pacific Company as are agreed upon, and that the Grand Trunk Company may receive and take as the consideration, in whole or in part, to be given to it under the terms of any such agreement, shares of the capital stock of the Pacific Company for such amount and upon such terms and conditions as are agreed upon;

AND WHEREAS, the Pacific Company applied to the Grand Trunk Company to enter into the agreement required by section 8 of said Chapter 24 of the Statutes of 1904 to be entered into by the Grand Trunk Company and such Agreement with His Majesty has been duly executed and delivered and bears date the eighth day of June, 1905;

AND WHEREAS, for the purpose of aiding and assisting the Pacific Company in carrying out the Scheduled Agreements, the Grand Trunk Company at the request of the Pacific Company has already guaranteed the Bonds of the Pacific Company for the balance required for the construction of the Prairie Section of the said Western Division over and above the proceeds arising from the sale of the bonds guaranteed by the Government;

AND WHEREAS, the Grand Trunk Company has also at the request of the Pacific Company provided the security required by the Scheduled Agreements to be deposited with the Government as security for the construction of the Western Division and for the first equipment of the whole line of railway;

AND WHEREAS, the Grand Trunk Company has further at the request of the Pacific Company guaranteed the bonds of the Pacific Company issued for the purpose of constructing what is known as the Lake Superior Branch of the Grand Trunk Pacific Railway;

AND WHEREAS, it was agreed between the parties hereto that in consideration of the obligations and services by the Grand Trunk Company already undertaken and rendered and to be undertaken and rendered as hereinbefore recited and of the obligations and services to be undertaken and rendered by the Grand Trunk Company under the terms of these presents and of such rights, powers, guarantees, and privileges as are hereinafter expressed and as a fair and bona fide value for the rights, powers, guarantees, privileges, and services aforesaid that the Pacific Company should make, issue, allot, and hand over to the Grand Trunk Company or their nominees as paid up stock, shares of the common stock of the Pacific Company of the par value of twenty-four million nine hundred thousand dollars (\$24,900,000);

AND WHEREAS, the Pacific Company have issued and allotted to the nominees of the Grand Trunk Company the shares described in the schedule hereto upon which 20 per cent of their par value has been paid;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that in consideration of the premises and of the obligations, rights, powers, privileges, guarantees, services, and assistance undertaken, granted, given, and rendered by the Grand Trunk Company to the Pacific Company in carrying the Scheduled Agreements into effect and otherwise as hereinbefore in part recited and to be undertaken, granted, given and rendered as by the said agreements or either of them or these presents provided, and the sum of one dollar now paid by the Grand Trunk Company to the Pacific Company (the receipt whereof is hereby acknowledged), the Pacific Company hereby covenants, promises, and agrees with the Grand Trunk Company as follows, that is to say:—

1. The Pacific Company shall forthwith credit the shares and stock described in the schedule hereto upon which 20 per cent has been paid with 80 dollars upon each share making in the aggregate seven hundred and ninety-three thousand six hundred dollars, (\$793,600) so that the said stock shall hereafter be treated as paid up stock and not assessable for calls.

2. The Pacific Company will forthwith issue, as paid up stock, shares of the common stock of the Pacific Company of the par value of twenty-three million nine

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hundred and eight thousand dollars (\$23,908,000) making with the shares described in the schedule hereto a total of two hundred and forty-nine thousand (249,000) shares of the par value of twenty-four million nine hundred thousand dollars (\$24,900,000), and will allot and hand over the same to the Grand Trunk Company or their nominees and that such issue and allotment of stock shall be binding upon the Pacific Company and that such stock shall not be assessable for calls.

3. The parties hereto hereby declare that the said amount of such common stock is a fair and *bona fide* value for the rights, powers, and privileges hereinbefore referred to granted and to be granted, guaranteed, given and to be given, services and assistance rendered and to be rendered by the Grand Trunk Company to the Pacific Company for the purposes hereinbefore in part recited.

AND the Grand Trunk Company hereby covenants with the Pacific Company as follows (that is to say):—

4. The Grand Trunk Company will as and when required by the Pacific Company guarantee any further bonds of the Pacific Company for the balance required for the complete construction of the Western Division of the railway in accordance with the obligations undertaken by the Grand Trunk Company to His Majesty under the before recited agreement of the 8th day of June, 1905.

5. The Grand Trunk Railway Company will guarantee upon and subject to such conditions as may be agreed upon the interest payable in respect of so much of the debenture stock to be issued by the Pacific Company under chapter 100 of the Statutes of Canada, 1906, as may be necessary to provide the proceeds for the equipment of the railway in accordance with the provisions of the scheduled agreements and for such other purposes as may from time to time be approved by the Grand Trunk Company, and if and so far as it may be necessary will give such other guarantees or render such other assistance to enable the Pacific Company to provide such equipment.

6. If and when the Pacific Company, or the Grand Trunk Pacific Branch Lines Company with the approval of the Grand Trunk Company shall determine to construct any branch lines the Grand Trunk Company will give such assistance to the Pacific Company or to the Grand Trunk Pacific Branch Lines Company as the case may be, either by guarantee of the capital to be raised by such company for the purposes of such construction or otherwise as may be necessary to enable such company to carry out the construction of any such branch line.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals on the day and year first above written.

THE GRAND TRUNK PACIFIC RAILWAY COMPANY,
By CHAS. M. HAYS,
President.

The COMMON SEAL of the Grand Trunk Pacific Railway Company was affixed hereto in presence of

HENRY PHILIPS,
Secretary.

[Seal Grand Trunk Pacific Railway Company.]

THE GRAND TRUNK RAILWAY COMPANY OF CANADA,
By C. RIVERS-WILSON,
President.

The COMMON SEAL of the Grand Trunk Railway Company of Canada was affixed hereto in presence of

HENRY PHILIPS.

[Seal Grand Trunk Railway Company of Canada.]

NATIONAL TRANSCONTINENTAL RAILWAY

SCHEDULE referred to in the agreement between the Grand Trunk Railway Company and the Grand Trunk Railway Company of Canada, bearing date July 31, 1906.

Number of shares, 9,920.

Issued to Charles M. Hays, in trust.

Par value, \$992,000.

APPENDIX C.

GRAND TRUNK PACIFIC RAILWAY.

LIST OF SHAREHOLDERS, MARCH 17TH, 1909.

Name.	Shares.	Amount.	Amount paid up.
	Number.	\$	\$
Chas. M. Hays	20	2,000	200
E. J. Chamberlin	20	2,000	200
Frank W. Moree	20	2,000	200
Wm. Wainwright	20	2,000	200
W. H. Biggar	20	2,000	200
Sir Charles Rivers Wilson, G.C.M.G., C.B.	20	2,000	200
Rt. Hon. Lord Welby, G.C.B.	20	2,000	200
A. W. Smithers	20	2,000	200
John Alan Clutton-Brock	20	2,000	200
Col. Fred Firebrace	20	2,000	200
Hon. Geo. A. Cox	20	2,000	200
E. R. Wood	20	2,000	200
H. A. Allan	20	2,000	200
E. B. Greenhields	20	2,000	200
J. R. Booth	20	2,000	200
E. H. Fitzhugh	20	2,000	200
Sir H. M. Jackson, Bart.	20	2,000	200
Sir W. Lawrence Young, Bart.	20	2,000	200
Geo. Von Chauvin	20	2,000	400
Alex. Hubbard	20	2,000	400
Maurice G. C. Glyn	20	2,000	400
Sir Chas. Rivers Wilson, A. W. Smithers and H. H. Norman, in trust	20	2,000	400
	249,000	24,900,000	24,900,000
	249,420	24,942,000	24,905,200

Certified correct.

(Sgd.) FRANK SCOTT,
Transfer Agent.

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APPENDIX D.

GRAND TRUNK PACIFIC RAILWAY COMPANY.

BY-LAW No. 2.

(Passed by the Directors and Shareholders, July 31st, 1906, and amended November 8th, 1906.)

To authorize the issue of Debenture Stock under authority of Chapter 100 of the Statutes of Canada, 1906.

WHEREAS by Chapter 100 of the Statutes of Canada, 1906, the Directors are empowered, being first authorized as therein specified, to make and issue from time to time perpetual or terminable debenture stock payable in Canadian currency or in sterling money of Great Britain for a principal amount not exceeding in the whole twenty-five million dollars or the equivalent thereof in pounds sterling:

AND WHEREAS by the said Act it is also provided that previous to each issue of any such debenture stock the Company shall pass a By-Law providing therefor, for the convenient transfer and registration thereof and for all other matters incidental to such issue and its management; and prescribing the amount of stock to be issued under such By-Law, the rate of interest payable upon such issue which if deemed expedient may be different for each issue, the dates and places of payment of interest and of the principal of such stock if terminable and defining and declaring the rights, privileges, ranking and remedies of the holder of such stock and of the Grand Trunk Railway Company of Canada as guarantor thereof under any guarantee duly authorized;

AND WHEREAS by the said Act it is also further provided that each such By-Law shall form the basis of the issue of the debenture stock therein referred to and be effectual for the purpose of such issue and shall not be altered in any manner affecting the interests of the holders of such debenture stock otherwise than as therein provided;

AND WHEREAS it is expedient now to make and pass a By-Law providing for the issue of such debenture stock to an amount not exceeding three million pounds sterling;

THEREFORE the Grand Trunk Pacific Railway Company hereby enacts as follows:

1. The words 'the stock' when used herein mean the debenture stock issued by the Company under the provisions of this By-Law, and the words 'the stockholders' mean the several persons or companies for the time being entered in the registers hereinafter mentioned as holders of the stock.

2. Subject to and in pursuance of the provisions of the said Act and of this By-Law there shall be issued from time to time as the Directors may determine an amount of such debenture stock not exceeding in the whole three million pounds sterling. The stock is subject as after mentioned to be perpetual and shall carry interest at the rate of four per cent. per annum, payable half-yearly on the first day of March and the 1st day of September in each year. The Company reserve the right to redeem the stock by payment at the rate of £105 for each £100 of stock at any time on or after the 1st day March, 1936, upon giving to the registered holder not less than one year's previous notice in writing of their intention to redeem.

3. Each stockholder will, subject as herein provided, be entitled to a certificate in such form as the Directors of the Company may determine, stating the amount of the stock held by him, joint holders being for this purpose treated as one person. In the case of joint holders the certificate shall be delivered to the person whose name stands first in the register in respect of the stock so held. Certificates shall be signed in respect of stock on the London register by the Secretary of the London Committee of

the Company, and by such other person as the Committee may direct, and in respect of stock on the Montreal and New York registers respectively, by the Secretary of the Company, and such other person as the Directors may determine.

4. The Company will at all times keep at its office in London, England, Montreal and New York respectively, a suitable register and transfer book showing the amounts of the stock for the time being entered in such register respectively with the names, addresses and description of the stockholders and the amount of the stock from time to time held by each holder. All the stock shall in the first instance be registered at the London office, but the stock of any registered holder shall at his request in writing at any time be transferred to the register at the Montreal and New York office as may be directed, and thereafter the stock shall at the written request of the stockholder be transferrable from the register at one office to the register at another. Upon any such transfer, the stock certificate shall be deposited for cancellation and a new certificate in due course be issued in substitution therefor. A fee not exceeding 2s. 6d. will be charged for each such transfer.

5. The registered holders of the stock shall be entitled *pari passu* with each other, and with the holders of any other debenture stock at any time hereafter issued under the provisions of the said Act, or of any other Act authorizing the Company to make and issue debenture stock, to the benefit of the lien or charge referred to in section 3 of the said Act, but the registered holders of the stock, and the holders of any other debenture stock issued under the provisions of the said Act or of any such other Act shall not among themselves be entitled to any preference or priority for any cause whatever.

6. The holders of the stock shall in addition be entitled to the benefit of a conditional guarantee on the part of the Grand Trunk Railway Company of Canada for due payment out of the surplus net earnings of that Company in each year of all interest accruing due in such year on the stock.

7. The Company will only recognize the registered holder or holders of any of the stock as the absolute owner or owners thereof, and shall not be bound to take notice or to see to the execution of any trust whether express, implied or constructive to which any stock may be subject, and the receipt of the stockholder, or of one of several joint holders of any of the stock for the interest from time to time accruing due in respect thereof, and for any moneys payable upon the redemption of the same shall be a sufficient discharge to the Company, notwithstanding any trust to which the stock may then be subject, or any notice which the Company may have, whether express or otherwise, of the right, title, interest or claim of any person to or in such stock or monies. The Company shall not be bound to see to the application of any money paid upon such receipt.

8. The executors and administrators of a deceased holder of any of the stock (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to such stock.

9. In case of the death of any one or more or several joint holders of any of the stock, the survivor or survivors of such joint holders shall be the only person or persons recognized by the Company as having any title to such stock, and any receipt, transfer, or other instrument respecting such stock signed or executed by such survivor or survivors shall be as valid and effectual as if it were signed or executed by all the persons in whose names such stock stood before such death.

10. A body corporate may be registered as one of the joint holders of any of the stock, and in any such case a person and body corporate so registered shall be deemed to hold in joint tenancy with right of survivorship, and the Company shall be at liberty to act on that understanding, and for the purpose of this clause a dissolution of a body corporate shall be treated as its death.

11. The stock shall be transferable in sums of one pound sterling or multiples thereof by an instrument in writing in the usual common form of transfer, but fractions of a pound of stock shall not be transferable.

12. Every transferee in shall be deemed transferee is the instrument

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14. If an of his last wi instead of by stock may up at his option the same, an of the stock person shall the same.

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12. Every instrument of transfer must be signed by both the transferor and the transferee in person, or under power of attorney duly executed, and the transferor shall be deemed to remain owner of the stock to be transferred until the name of the transferee is entered in the register in respect thereof. In the case of joint holders the instrument of transfer shall be signed by all the joint holders then living.

13. Every instrument of transfer (with the certificate) must be left for registration at the office of the Company in which the stock to be transferred is registered, accompanied with such other evidence as the Directors or other officers of the Company authorized to deal with the transfers may require to prove the title of the transferor, or his right to transfer such stock. All instruments of transfer to be registered as well as the certificate of the stock to be transferred, and the evidence produced shall be retained by the Company.

14. If any of the stock be by force of law transmitted from the holder by virtue of his last will, or because of intestacy, bankruptcy, insolvency, or by any other means instead of by a transfer as above mentioned any person becoming entitled to such stock may upon producing such evidence of title as the Directors shall think sufficient, at his option either be registered himself as a holder of such stock, or may transfer the same, and the Directors shall be at liberty to retain the interest payable upon any of the stock to which any person may under this clause become entitled until such person shall either have become the registered holder thereof, or shall duly transfer the same.

15. The appointment of any attorney to transfer or accept a transfer of the stock shall be, by a writing under the hand of the principal, and witnessed by a subscribing witness, and shall be deposited with the Company before the transfer is recorded.

16. A fee not exceeding 2s. will be charged for the registration of each transfer and for registration of probate, proofs of death in joint holdings, powers of attorney and other documents.

17. The Board of Directors may, if they deem it expedient, from time to time close the register and transfer books, and may refuse to register any transfer of stock during such period prior to the days on which interest is payable on the stock as may from time to time be fixed by them, or by any by-law of the Company.

18. Upon proof of the satisfaction of the Directors or the London Committee that any certificate of stock has been destroyed or irretrievably lost, its production and surrender may be dispensed with upon such conditions as to indemnify or otherwise as shall be prescribed, and upon compliance with such conditions a new certificate may be issued to the person entitled to such destroyed or lost certificate. An entry as to the issue of such new certificate and indemnity, if any, will be made in the proper register. There shall be paid to the company in respect of every new certificate issued under this clause, a fee of 2s. 6d., and also any stamp duty payable thereon with such costs as the company may have incurred in inquiries respecting such destruction or loss, and in the preparation and execution of any such indemnity.

19. The interest upon the stock will be paid by cheque sent through the post to the registered address of the holder, or, in case of joint holders, to the registered address of that one of the joint holders who is first named on the register, or to such person, and to such address as the holder or joint holders may in writing direct. Every such cheque shall be made payable to the order of the person to whom it is sent. All cheques so sent through the post shall be at the risk of the stockholders to whom they are sent, and the company shall not be liable for any loss or misapplication of the same after they are put into the post office, and payment of the cheque, when purporting to be endorsed by the stockholder to whom it is payable, to any person shall be a satisfaction of the interest, whether the signature of the stockholder is or is not authentic.

20. If several persons are entered in the register as joint holders of any of the stock, then notwithstanding the provisions of the last preceding clause, the receipt of any such person for the interest from time to time payable in respect of such stock shall be as effective a discharge to the company as if the person signing the same receipt were the sole registered holder of such stock.

21. Holders of the stock shall not be entitled to vote at any meeting of the shareholders of the company.

22. Any notice may be given to the holders of the stock by sending the same through the post in a prepaid letter addressed to such holders at their addresses as they appear in the registers of stockholders, and every notice sent by post shall be deemed to have been given on the day when the letter containing the same was put into the post. Any such notice may also be given by advertising the same twice in each of the following newspapers, namely *The Canada Gazette*, *The Times* newspaper in London, England, in a daily newspaper published in Montreal, Canada, and a daily newspaper published in New York, and any notice so given shall be deemed to have been given on the day on which the last of such advertisements appears.

23. The company shall be primarily liable to pay the interest upon the stock, but, if default shall be made by the company in the payment thereof, or any part thereof, and if the Grand Trunk Railway Company of Canada (hereinafter called 'the Grand Trunk Company') shall pay the same, any moneys so paid by the Grand Trunk Company under its guarantee shall be held to have been paid in discharge of the liability of the Grand Trunk Company, but not in discharge of the liability of the Company with respect to the said interest, and any moneys so paid by the Grand Trunk Company shall continue to be part of the charge upon the railway undertaking equipment and property, rights and franchises of the Company created by the issue of the stock under this by-law, and the Grand Trunk Company shall as to such interest be subrogated to all the rights of the holders of the stock, the interest upon which shall have been paid by the Grand Trunk Company.

24. This by-law may from time to time be altered by a by-law providing that any place or places in addition to those above mentioned may be named for the issue or registry or transfer of stock, and providing for matters incidental to the issue, registry and transfer of stock at the place or places so named.

25. This by-law shall come into force as soon as the Directors are duly authorized to issue the stock either at an annual meeting or at a special meeting of the Company duly called for the purpose at which shareholders representing at least two-thirds in value of the subscribed capital stock of the Company and who have paid all calls due thereon are present in person or represented by proxy.

GRAND TRUNK PACIFIC RAILWAY COMPANY.

FOUR per cent. Debenture Stock redeemable by the Company at any time on or after the 1st day of March, 1936, on not less than one year's previous notice at the rate of £105 for each £100 of Stock.

Interest payable half-yearly on 1st March and 1st September.

No. _____

£ _____

No. _____

THIS IS TO CERTIFY that _____ of _____ pounds Four per cent. Debenture Stock of the Grand Trunk Pacific Railway Company issued under the authority of an Act of the Parliament of Canada Chapter 100 of the Statutes of 1906, and entitled to the benefit of the guarantee of the Grand Trunk Railway Company of Canada short particulars of which are endorsed on this Certificate.

Dated _____

This Certificate of Stock must be deposited with the Deed of Transfer, whether for the whole or any portion thereof, before a new Certificate can be issued in exchange.

Transfers can be made of any multiple of £1.

FOR INDORSEMENT.

The within mentioned guarantee provides for the payment to the Registered Proprietor for the time being of the within mentioned Debenture Stock of the interest on such stock from time to time accruing due.

Provided and to the extent only that in any half-year ending on the 30th June or 31st December preceding the 1st September or 1st March as the case may be, the amount of the gross earnings of the Grand Trunk Railway Company of Canada shall show a surplus available for the purpose after deducting the following preferential payment, viz:—

1. All working expenses as defined by the Canadian Acts of Parliament relating to the said Grand Trunk Railway Company of Canada.

2. All interest and other monies payable by the said Grand Trunk Railway Company of Canada in respect of

- (a) The said Company's Loan Capital or prior charges as defined by the said Acts, or

- (b) Any Bonds or liabilities of any other Company pursuant to any guarantee given by the said Grand Trunk Railway Company of Canada.

And Provided also that the surplus earnings of any half-year ending as aforesaid shall be liable to the payment only of the half-year's interest next accruing due and shall not be chargeable with any previous arrears of interest except that if the surplus profits for any half-year ending on some 30th June shall be insufficient to pay the interest payable thereout on the following 1st September, and the surplus profits for the next succeeding half-year ending on the 31st December shall be more than sufficient to pay the interest on the following 1st day of March payable thereout the balance of such surplus shall be applicable to make good such deficiency.